

Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 DEAE-00 CIAE-00 INR-07 JUSE-00

NSAE-00 SNM-02 SY-05 TRSE-00 USIA-06 NSC-05 OES-03

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R 061533Z MAY 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 2664

INFO AMEMBASSY ANKARA

C O N F I D E N T I A L GENEVA 3250

E.O. 11652: XGDS 1

TAGS: SNAR UN TU

SUBJ: UN/TURKISH DEVELOPMENTS

REF: A) GENEVA 3242; B) GENEVA 3244

FOLLOWING IS ATTACHMENT A TO MEMO CONTAINED REF B:

QUOTE:

"CALCULATIONS OF GUARANTEED PRICE TO BE PAID POPPY GROWERS
BASED ON WORLD MARKET VALUE OF MORPHINE AT \$490. PER KILOGRAM.

"HYPOTHETICAL INCOME FROM OPIUM IN 1975: IN CALCULATING
WHAT TURKISH POPPY GROWER MIGHT HAVE OBTAINED WERE HE TO
SELL OPIUM AND INCISED STRAW TO TMO FROM THIS YEAR'S CROP,
HIGHEST VALUES FOR EACH ELEMENT IN EQUATION WERE ASSUMED.
TMO REPORTED OPIUM YIELD OF 22.4 KG/HA. FROM 1971 CROP.

THIS SAME CROP HAD REPORTED YIELD OF 1454 KG/HA. OF STRAW.

TMO ESTIMATES THAT 1975 STRAW CROP WILL BE 16,000 METRIC
TONS FROM 20,000 HECTARES. THIS IS AVERAGE YIELD OF
800 KG/HA. USING SAME OPIUM/STRAW RATION THAT OBTAINED
IN 1971, FARMERS COULD HAVE EXPECTED AVERAGE OPIUM YIELD
OF 12.3 KG/HA. FROM CROP YIELDING 800 KG/HA. OF STRAW.

"TMO IN CALCULATING COMPENSATION FORMULA FOR 1975 USED
11.7 PERCENT AS MORPHINE CONTENT OF TURKISH OPIUM. UNFDAC
ROUNDED THIS TO 11.8 IN ITS CALCULATIONS. CURRENT WORLD
MARKET PRICE FOR MORPHINE IS \$490., PER KG., SET BY

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RECENTLY ANNOUNCED PRICE OF INDIAN OPIUM.

"THEREFORE, FOLLOWING EQUATION GIVES GROSS VALUE OF
HYPOTHETICAL OPIUM HARVEST FROM THIS YEAR'S CROP:-
12.3 KG TIMES 20,000 HA. TIMES 11.8 PERCENT MORPHINE TIMES
\$490. EQUALS \$14,223,720.

"TO FIND FARM-GATE VALUE OF THIS OPIUM 20 PERCENT OVERHEAD
CHARGE MADE BY TMO MUST BE DEDUCTED. THIS CHARGE AMOUNTS
TO \$2,844,744, LEAVING FARM-GATE VALUE OF \$11,378,976.

"HYPOTHETICAL INCOME FROM INCISED POPPY STRAW IN 1975: IN
CALCULATING GROSS VALUE OF HYPOTHETICAL CROP OF INCISED
POPPY STRAW, FOLLOWING EQUATION MAY BE USED:-
800 KG TIMES 20,000 HA. TIMES .18 PERCENT MORPHINE TIMES
\$490. EQUALS \$14,112,000.

"TO FIND FARM-GATE VALUE OF INCISED STRAW CROP MUST BE
SUBTRACTED FOLLOWING COSTS:
20 PERCENT TMO OVERHEAD (ON GROSS VALUE);
\$100. PER METRIC TON OF STRAW FOR SHIPPING COSTS, E.G.
IZMIR TO AMSTERDAM;
\$20. PER KG OF MORPHINE, PROCESSING COSTS IN EXCESS OF
OPIUM PROCESSING COSTS.

"GROSS VALUE OF INCISED STRAW---\$14,112,000;

"DEDUCT: TMO OVERHEAD -2,822,400;

SHIPPING COSTS-\$1,600,000;

EXTRA PROCESSING COSTS-\$576,000;

TOTAL DEDUCTION EQUALS -4,998,400;

"FARM-GATE VALUE OF INCISED STRAW EQUALS \$9,113,600.

"HYPOTHETICAL COMBINED INCOME FROM OPIUM AND INCISED STRAW:

FARM-GATE VALUE OF OPIUM--\$11,378,976;

FARM-GATE VALUE OF INCISED STRAW-\$9,113,600;

TOTAL INCOME FROM OPIUM AND INCISED STRAW-\$20,492,576.

AT EXCHANGE RATE OF TL 13.5/US\$1 EQUALS TL 276,649,776;

WITH CROP ESTIMATED AT 16,000 MT. OF STRAW EQUALS TL 17.3 PER KG.

"THIS IS AMOUNT POPPY FARMER WOULD HAVE TO RECEIVE PER KG.

OF STRAW IN 1975 IN ORDER TO SUFFER NO LOSS FROM NOT INCISING.

"ESTIMATED INCOME FROM UNINCISED STRAW IN 1975: USING SAME
FIGURES AS ABOVE FOR STRAW YIELD, MORPHINE VALUE, OVERHEAD
CHARGES, TRANSPORTATION COSTS, AND PROCESSING COSTS,
FARM-GATE VALUES OF UNINCISED STRAW CROPS WITH VARYING
MORPHINE CONTENT CAN BE CALCULATED.

"DETAILED CALCULATIONS ARE SHOWN FOR STRAW CROP WITH
0.30 PERCENT MORPHINE. SAME PROCEDURE HAS BEEN USED TO
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CALCULATE VALUES FOR STRAW CROPS WITH 0.32 PERCENT, 0.35
PERCENT AND 0.40 PERCENT MORPHINE BUT ONLY DEFICIT OR
EXCESS VALUES AS COMPARED WITH VALUE OF OPIUM PLUS
INCISED STRAW ARE SHOWN IN SUMMARY OF LIABILITIES GIVEN
IN ATTACHMENT 'B'.

"STRAW WITH 0.30 PERCENT MORPHINE CONTENT:

"GROSS VALUE EQUALS 800 KG. TIMES 20,000 HA.

TIMES .30 PERCENT TIMES \$490. EQUALS \$23,520,000;

"DEDUCT 20 PERCENT OVERHEAD-\$4,704,000;
SHIPPING COSTS-\$1,600,000;
EXTRA PROCESSING COSTS-\$960,000;
TOTAL DEDUCTION EQUALS \$7,264,000.
"FARM-GATE VALUE OF UNINCISED STRAW EQUALS \$16,256,000;
ATEXCHANGE RATE OF TL 13.5/US\$1 EQUALS TL 219,456,000.
"CONTINGENT LIABILITY:
FARM-GATE VALUE OF OPIUM PLUS INCISED STRAW EQUALS TL 276,649,776;
FARM-GATE VALUE OF UNINCISED STRAW EQUALS TL219,456,000;
CONTINGENT LIABILITY EQUALS TL 57,193,776
OR \$4,237,000.
"THIS FIGURE OF \$4,237,000 THEREFORE REPRESENTS
ESTIMATED DEFICIT INCURRED BY PAYING GUARANTEED
PRICE OF TL 17.3 PER KG. FOR CROP OF 16,000 METRIC
TONS CONTAINING 0.30 PERCENT MORPHINE.
" AS EXPLAINED ABOVE, RESULTS OF CALCULATIONS FOR THIS
AND OTHER MORPHINE VALUES ARE GIVEN IN ATTACHMENT 'B'.
END QUOTE. ABRAMS

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